

Message Text

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PAGE 01 TEL AV 02604 031504 Z

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ACTION NEA-12

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E. O. 11652: GDS

TAGS: ELAB, PINT, IS

SUBJECT: HISTADRUT DEMANDS MID- YEAR COST- OF- LIVING ADJUSTMENT

SUMMARY. IN WAKE OF GOVERNMENT DECISION TO INCREASE PRICES ON CERTAIN CONSUMER ITEMS , HISTADRUT APRIL 1 FORMALLY DEMANDED SUPPLEMENTARY MID- YEAR COST- OF- LIVING ALLOWANCE INCREASE. ACTION UNDERSCORES GROWING RIFT, LED BY HISTADRUT GENERAL SECRETARY BEN- AHARON, BETWEEN HISTADRUT AND GOVERNMENT OVER WAGE/ PRICE POLICIES TO CURB INFLATION. END SUMMARY.

1. HISTADRUT EXECUTIVE COMMITTEE APRIL 1 FORMALLY APPROVED DEMAND FOR MID- YEAR ADJUSTMENT IN COST- OF- LIVING ALLOWANCE, IN ADDITION TO REGULAR END- OF- YEAR ADJUSTMENT.
2. ACTION CAME IN WAKE OF GOVERNMENT DECISION MARCH 28 TO INCREASE PRICE OF TOBACCO, FUEL, SUGAR, FLOUR AND FROZEN MEAT.
3. PRICES OF FIRST TWO COMMODITIES INCREASED LARGELY TO GAIN ADDITIONAL GOVERNMENT REVENUE, AND IN CASE OF FUEL, TO REFLECT WORLD- WIDE INCREASE IN PRICES. PRICES OF FOOD COMMODITIES INCREASED DUE TO DECISION OF GOVERNMENT NOT TO INCREASE CURRENT FOOD SUBSIDIES FULLY TO OFFSET INCREASED WORLD MARKET PRICES. GOVERNMENT ESTIMATED IT WOULD HAVE TO INCREASE SUBSIDIES OF TWELVE BASIC FOOD ITEMS TO IL 1,000 MILLION (IL 600 MILLION WAS ORIGINAL BUDGET PROPOSAL) IN 1973/74 TO MAINTAIN CURRENT PRICES. GOVERNMENT MINISTERIAL ECONOMIC COMMITTEE DECIDED INCREASE SUBSIDIES IN

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PAGE 02 TEL AV 02604 031504 Z

NEWVE ENTITY WITHICH " HAS ONLY ONE
POLICY ON VITAL QUESTIONS" SUCH AS DEMARKATION OF AREAS OF ECONOMY
AND DISRIBUTION OF CONSUMER GOODS. CORVALAN CLAIMED UP " VICTORY"
IN MARCH 4 CONGRESSIONAL ELECTIONS SHOWED UP CAN WIN 1976
PRESIDENTIAL ELECTIONS; UP MUST NOW SEEK TO INFLUENCE FAVORABLY
AT LEAST HALF OF PRESENT 15-18 YEAR OLDS WHO WILL BE ELEIGIBLE VOTERS
THEN. HE ALSO PRAISED PERFORMANCE OF MILITARY IN PAST CABINET
AND ADVOCATED STRENGTHENING SUCH " COMMUNITY " GROUPS AS JAPS,
UNDERLINING THAT THEY MUST BE RESPONSIVE TO GOVT POLICY. HE LISTED
TEN SPECIFIC TASKS FOR PARTY MEMBERS RELATING TO INCREASED PRO-
DUCTION. SPEECH WAS SUBSEQUENTLY BROADCAST ON NATIONWIDE RADIO
HOOKUP.

3. DURING SUBSEQUENT DEBATE, SPEAKERS STRESSED VARIOUS ASPECTS
OF ECONOMIC SITUATION. MINECONOMY MILLAS LAID GREAT EMPHASIS
ON ECONOMIC PLANNING, STATING GOVT IS PREPARING OVERALL PLAN FOR
1974 WHICH WILL " GET THE COUNTRY OUT OF THE BLIND ALLEY IT IS
PRESENTLY IN." DEPUTY JORGE INSUNZA ECHOED CORVALAN' S CRITICISM OF
MIR BUT IN SHARPER TERMS. ONE AGENDA ITEM CONCERNED PREPARATIONS
FOR 15 TH PCCH CONGRESS SCHEDULED FOR LATE NOVEMBER AND EARLY
DECEMBER. UNLIKE MOST PCCH PLENUMS, THERE WAS NO FINAL
SUMMARY REPORT OF CONCLUSIONS; PCCH SPOKESMEN EMPHASIZED
THAT CORVALAN' S REPORT CONTAINED BASIC PARTY LINE AND SHOULD BE
STUDIED CAREFULLY BY ALL MEMBERS.

4. PS MEETING, IN CONTRAST, WAS BARRED TO NEWSMEN AND ONLY
FRAGMENTARY INFORMATION HAS DRIBBLED INTO PRESS. PS SPOKES-
MEN DID IDENTIFY TOPICS PS WAS ALLEGEDLY STUDYING, INCLUDING ANALYSIS
OF MARCH 4 ELECTION RESULTS, WAGE READJUSTMENT BILL NOW PENDING
IN CONGRESS, PS 40 TH ANNIVERSARY CELEBRATION APRIL 16-20, PS
RESPONSE TO ALLENDE' S CALL FOR UP PARTY CONGRESS, FORMATION OF
" SOCIAL AREA" OF ECONOMY, PS POSITION ON RESTRUCTING OAS,
CHILEAN RESPONSE TO ITT " AGGRESSION," AND PS STANCE ON GOVT' S
UNIFIED SCHOOL PROPOSAL. PS PROMISED PRESS CONFERENCE LATER IN
WEEK TO ANNOUNCE MAJOR RESOLUTIONS.

5. REAL BATTLE, ACCORDING TO OPPOSITION PRESS, WAS " OUSTER" OF
" TROTSKYITE" PS HARDLINERS JULIO BENITEZ, NICOLAS GARCIA MORENO,
AND JORGE MACGINTY FROM POLITICAL COMMISSION AND THEIR " RE-
PLACEMENT" BY CLODOMIRO ALMEYDA, HERNAN DEL CANTO, AND ROLANDO
CALDERON. OPPOSITION PRESS SAID LATTER TWO, FORMERLY HARDLINERS,
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PAGE 03 SANTIA 01366 031515 Z

HAD BEEN " BRAINWASHED" BY ALLENDE DURING THEIR CABINET SERVICE
AND WERE NOW FERVENT ALLENDISTAS. ALMEYDA, OPPOSITION PRESS
CONTINUED, IS ALLENDE' S CANDIDATE TO REPLACE CARLOS ALTAMIRANO
AS PS SEC GEN WHEN NEXT PS CONGRESS HELD, POSSIBLY IN NEXT

MONTH. OPPOSITION PRESS CONCLUDED THAT RESULT OF INTERNAL PS PERSONNEL CHANGES IS TO STRENGTHEN ALLENDE' S INFLUENCE WITHIN HIS OWN PARTY AND TO MODERATE ITS OFTEN OUTSPOKEN OPPOSITION TO GOVT POLICIES. GOVT LA NACION AND PCCH EL SIGLO, MEANWHILE, PUBLISHED LIST OF PS POLITICAL COMMISSION SHOWING THREE " HARD-LINERS" STILL AS MEMBERS.

6. COMMENT. PS SOURCES CONFIRMED TO EMBASSY THAT INTERNAL PS CHANGES DID OCCUR WHICH STRENGTHENED ALLENDE' S POSITION, BUT THAT IMPORTANT THING WAS NOT RPT NOT CHANGE IN MEMBERSHIP OF POLITICAL COMMISSION BUT REASSIGNMENT OF PARTY DUTIES TO ALLENDE SUPPORTERS. CALDERON REPLACED BENITEZ AS HEAD OF " FRENTE DE MASAS" SECTION (LIAISON WITH GRASS- ROOTS " POPULAR" ORGANIZATIONS), ALMEYDA BECAME HEAD OF GOVT RELATIONS SECTION, EXEQUIEL PONCE REPLACED PRO- ALTAMIRANO FIREBRAND ARIEL ULLOA AS HEAD OF INTERNAL PARTY RELATIONS SECTION, AND ALEJANDRO JULIBERTO REPLACED LUIS URTUBIA AS ADMINISTRATIVE CHIEF (RESPONSIBILITIES INCLUDE PARTY FINANCES). ALMEYDA, CALDERON, AND DEL CANTO HAVE BEEN PS CENTRAL COMMITTEE MEMBERS AT LEAST SINCE 1971 PS CONGRESS AT LA SERENA.

7. WITH RESPECT TO ALMEYDA' S FUTURE ROLE, AMBASSADOR LETELIER TOLD OUR AMBASSADOR THAT ALMEYDA WOULD BE LEAVING FOREIGN MINISTRY SOON, POSSIBLY TO TAKE OVER AS PRESIDENT OF THE PARTIDO UNIDAD POPULAR.
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